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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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1. Before the Korean war, Communist China's requirements in leather were met primarily by imports from the United States and South America. The annual rate of use in Tientsin was 1000 tons of shoe sole leather, 100,000 square feet of upper leather, 40,000 square feet of high-quality calf leather, and 40,000 square feet of kidskin. After the break with American firms in 1950, Communist China began to import considerable quantities of calf leather from Poland. Negotiations were under way in 1953 for sending Chinese raw calfskin to be processed in Poland and returned as finished leather to China. In January 1953, the only high-quality American leather available in Tientsin was from old stocks of major wholesale dealers. The entire stock of American leather in Tientsin did not exceed 25,000 to 30,000 square feet.
2. In January 1953, prices for leather in Tientsin were as follows:
 - a. Shoe sole leather: JMP 40,000 per 15 kilograms
 - b. Upper cowhide (from the United States): JMP 50,000 per square foot
 - c. Upper horsehide (from South America): JMP 15,000 to JMP 20,000 per square foot
 - d. Upper calf leather (from Poland) : JMP 35,000 per square foot
 - e. Upper calf leather (Chinese): JMP 7,000 to JMP 8,000 per Chinese square foot (10 x 10 inches)
 - f. Kidskin (from the United States): JMP 40,000 per square foot
3. The cost of European-style shoes went up with the increase in the price of leather. A pair of Chinese-style men's shoes was approximately JMP 25,000, a pair of European-style shoes made of local leather was approximately JMP 120,000, and a pair of European-style shoes made of imported leather was

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approximately JMP 350,000.

4. A factory in Pei Ma Lu in the northern district of Tientsin, made a very low-quality pigskin which was used only in making Chinese-style shoes. The factory employed 200 to 300 workers. A second leather factory was being built approximately 15 to 20 kilometers northwest of Tientsin.
5. Government and Army purchases of leather, except when made directly from Poland, were made through semi-official commercial cooperatives which were in contact with wholesale dealers and private brokers.¹ The Sin Tao Gun Si² cooperative was the most important of these. Wholesale dealers and brokers who sold leather to the Government received a one percent commission of the wholesale price.

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1. [REDACTED] Comment. Manufacturers accepted reluctantly any Government and Army contracts for leather items because of the small profit margin and because of the strict conditions imposed. However, firms which were offered such contracts could not normally refuse to accept them. The slightest failure by the manufacturer in carrying out the conditions imposed was punished severely.

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2. [REDACTED] Comment. The romanization of this name appears incorrect.
Probably Gun Si should be Kung Ssu which means company.

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